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STATISTICAL BULLETIN

Volume 19, No. 9, October, 1986

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The Conference Board
70th Anniversary

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

* JOB AND HOURS GROWTH STILL SLUGGISH
* YET INDUSTRIAL OUTPUT IS STARTING TO RISE
* AS NEW ORDERS CONTINUE TO IMPROVE
* BUT CONSTRUCTION IS STARTING TO WEAKEN
* AND THE TRADE DEFICIT IS WIDENING
* OUTLOOK * A RELATIVELY STRONG FOURTH QUARTER MAY NOT BE FOLLOWED BY A RELATIVELY STRONG FIRST QUARTER OF 1987.

OVERVIEW: Despite continued good news on inflation and interest rates, this economy carries little dynamism into its 5th year of expansion. Consumer spending is fairly strong but home buying is slumping and business investment continues to falter. Services keep expanding but industrial output is depressed. The trade deficit is widening even though the dollar is lower. Job growth remains sluggish and that helps hold down wage-income growth. Nonwage-income growth has started to falter. Specifically, rents and dividends are rising more slowly now. The stock-market decline reverses some of the 'wealth effect' that was bolstering consumer demand. Altogether, the economy goes into its 5th year of expansion with the unven distribution of growth it carried through this last year.

DOMESTIC MARKET MONITOR

Improvement in labor market conditions has been relatively slow over the last year and a half. The latest data show little evidence of much change in that trend. Indeed, demand for labor is not rising now. The **Economic Forecasts** are indicating that nothing dramatic is likely to develop in the labor market over the next year or so.

Job growth has been and remains uneven. Total employment grew at a 1.8% annual rate over the last year and a half. Manufacturing employment, however, declined at a 1.6% rate. That pattern was essentially unchanged in the latest 3-month period. Thus, although manufacturing accounts for only 23% of nonagricultural employment, declines in factory jobs has offset job creation elsewhere. That is limiting the rise in income and may have dampened consumer attitudes a bit. Finally, there is a concern that it may contribute to a weakening in consumer demand in 1987.

Slow job growth and scarce change in the average workweek have limited the rise in hours. Total hours worked in private industry were only 2% higher, annual rate, in the third quarter. In fact, the consensus of the **Economic Forecasts** is that real output only rose at a 2.4% rate in that quarter.

Job growth is not expected to turn sharply upward. The Conference Board's **Help-wanted Index** stood at 134 (1967 = 100) in August, about the same as in April. Early returns to the September survey show little change. Nor is much change anticipated. The consensus of the **Economic Forecasts** is that the unemployment rate will stay around 7% in the last half of the year.

INCOME: After a long period of little change, pay rates have started to inch higher. The average hourly pay rate in private industry was $8.77 in September, 4 cents higher than it was 2 months earlier.

The rise in pay rates varies by sector. Wages in commodity-producing industry were only 0.3% higher in August than 3 months earlier. Wage income in other sectors continues to expand moderately: 1.5% higher in August than 3 months earlier. That was principally due to strong gains in services and for government employees.

Nonwage-income growth, conversely, has slowed. After months of explosive growth, rental income was only 4.2% higher in August than 3 months earlier. Dividends were only 1.2% higher.

SPENDING: Consumer demand remains relatively strong. With 2.9% financing promotions, car sales literally zoomed right off the chart. But nonauto buying has been fairly strong as well. For example, furniture and appliance sales were 3.4% higher in August than 3 months earlier.

Nonretail spending has also been strong. Consumer spending on services was 0.9% higher, deflated. Total nondurable spending was 0.7% higher. Durable sales were 5.5% higher, reflecting the surge in car buying.

CONSTRUCTION: Single-family home sales have declined for 5 straight months, despite lower mortgage costs. Hence, construction slowed. Single-unit housing starts were 3.5% lower in August than 3 months earlier.

Multi-unit construction is considerably weaker than single-unit building. To be sure, multi-unit starts were 2.1% higher in August than 3 months earlier. But that level is still 6% lower than one year earlier. Single-unit starts were almost 12% higher in August than one year earlier.

Ken Goldstein, Editor

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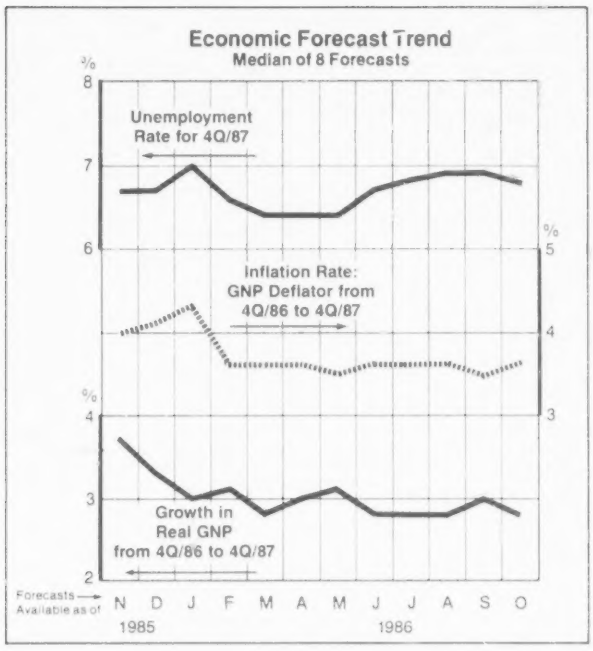


The drop in nonresidential construction seems to be abating. The value of new commercial construction was 6.6% higher, deflated, in August than 3 months earlier. But office building was 1.6% lower and industrial building was 3.4% lower. With the tax law passed, uncertainty over tax liability seems to be diminishing. Interest rates have come down. And office vacancy rates are no longer rising. These factors may be contributing to an end to falling nonresidential construction.

PRODUCTION: Industrial output was 0.4% higher in August than 2 months earlier. Employment and hours numbers suggest that it may have risen a bit in September. Capacity utilization rates have also started to turn around.

Improving conditions in production are clearly tied to a pick-up in new orders. Total new durable-goods orders were 0.3% higher in August than 3 months earlier. Nondefense orders were 0.5% higher. And orders for primary metals, which had been very soft for a long time, have started to rise sharply in recent months.

INVENTORY: One potential problem is whether the recent pick-up in output will simply wind itself down. Industrial sales were weak through July and total inventory accumulated a bit. Nondurable inventory was 0.3% higher in July than 3 months earlier. Durable inventory was 0.5% higher. Still the rise in new orders in August may indicate that industry sales will go up.

Although declines in nonresidential construction may be ending, total business investment remains weak. The Conference Board's survey of **Capital Appropriations and Expenditures** shows that capital spending by the nation's 1,000 largest manufacturers was 9.1% lower in the second quarter of 1986 than one year earlier. But appropriations (approval of new spending plans) were 32% lower.

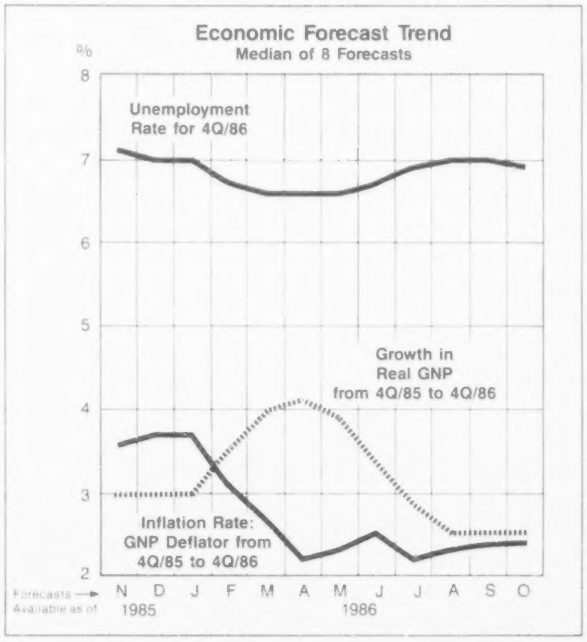
PRICES: Raw commodity prices have been recovering since May. In particular, raw industrial prices were 0.5% higher in September than 5 months earlier and metal prices were 6.6% higher. Food prices, however, have not been rising---perhaps partly due to bountiful harvests. Nevertheless, the outlook for both crop and meat prices is for steady increases.

INTERNATIONAL MONITOR

While the trade deficit is indeed widening, some of trade figures are a little misleading. After rising by 13% over 2 months, total imports fell 13.5% in August. Most of that rise and fall was due a swing in shipments of manufactured goods, especially aircraft and parts. Both car shipments from Japan and Canada were also sharply lower in August.

While import figures have moved erratically, exports have remained fairly flat. Exports of manufactured goods, however, were 1.9% lower in August than 3 months earlier. Exports to Japan were up 31 percent. But exports to Canada and Europe fell substantially. That's worrisome. Exports to Europe and Canada will have to start rising in order to keep the trade gap from widening even more. Exports to Japan are unlikely to continue growing as sharply as they have.

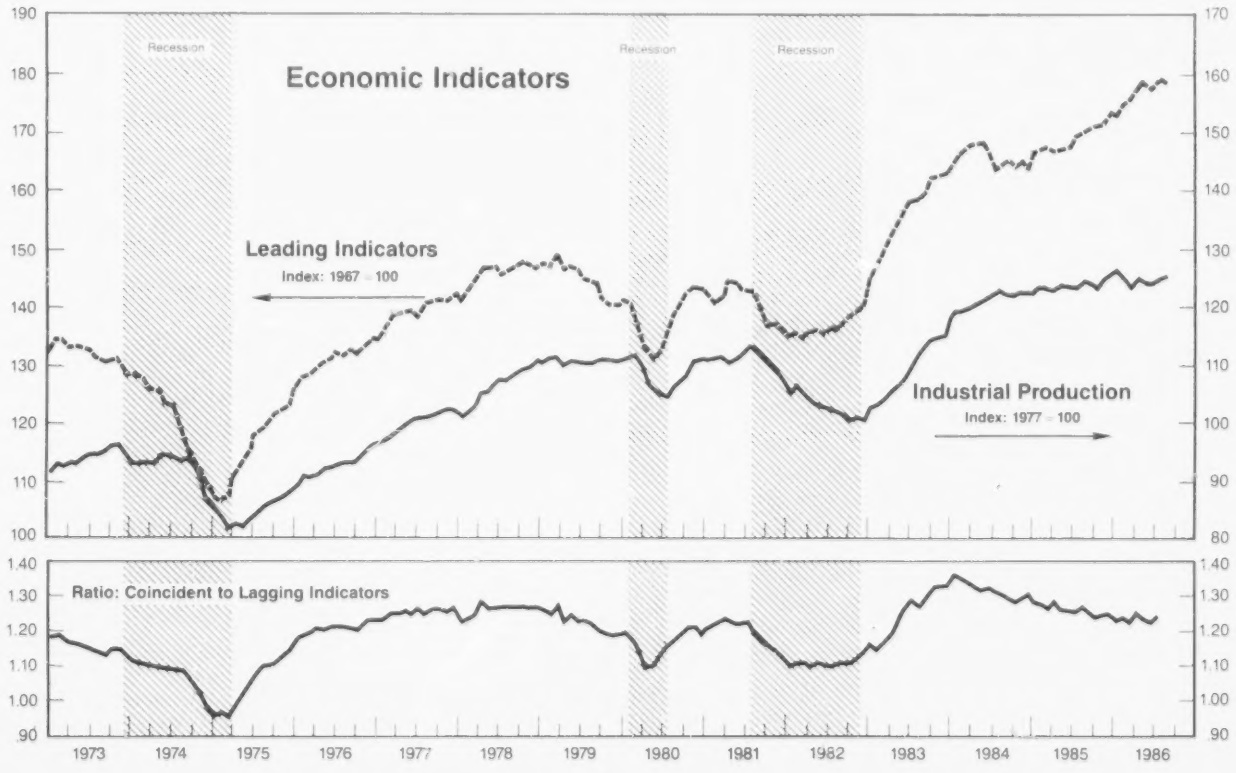
Ken Goldstein
October 15, 1986



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			0.5%	5.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.	X			4.8%	– 1.4%
New orders, nondefense capital goods (deflated)	Aug.	X			5.2%	0.9%
*New business formation	Aug.		X		– 0.5%	1.4%
*Housing permits	Aug.			X	– 6.5%	– 6.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.		X		2.0%	0.6%
*Change in inventory, on hand & order (deflated)	July			X	– 36.8%	– 3.7%
Purchasing agents' buying policy	Sep.		X		1.0%	2.0%
*Vendor performance, reported slower deliveries	Sep.		X		2.0%	10.0%
Industrial raw materials prices	Sep.			X	– 2.1%	– 7.5%
*Change in sensitive material prices	Aug.		X		0.1%	0.3%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.	X			2.1%	6.6%
Change in business loans	Aug.	X			29.5%	47.7%
*Change in credit outstanding	Aug.		X		– 0.7%	– 0.6%
Change in consumer installment debt	Jul.		X		13.0%	– 16.9%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q	X			4.2%	9.5%
*Common stock prices	Sep.		X		– 1.6%	31.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sep.		X		0.2hr	0.1hr
*Initial unemployment claims (inverted)	Sep.		X		– 1.9%	– 1.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



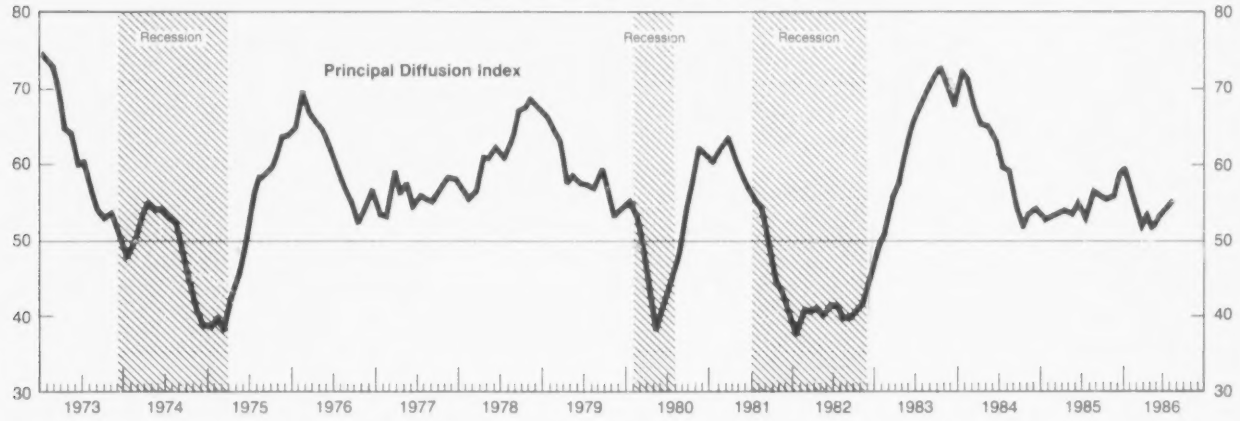
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 Aug.	1986 May	Jun.	Jul.	Aug.(e)
Principal Diffusion Index	56.1	51.8r	53.5r	54.0r	55.7
Auxillary Diffusion Index	47.9	41.7r	55.5r	51.7r	55.4
Industrial Group	60.7	47.2r	50.8r	52.7r	53.7
Nonindustrial Group	51.4	56.4	56.3r	55.3r	57.7
Sense of Diffusion	1	0	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	61.8	60.7r	61.5r	67.5r	72.6
Labor	62.6	45.9r	48.6r	48.2r	49.4
Miscellaneous	54.5	30.1	39.7	41.7	35.9
Nonindustrial Subgroups					
Prices	41.0	61.5	68.6	67.3	66.0
Consumer	65.4	66.2	66.2r	70.9r	70.5
Building	53.2	42.9	39.7	33.0	42.3
Miscellaneous	43.2	52.1	49.1	46.6r	49.6

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 Feb.	May	Aug.	Nov.	1985 Feb.	May	Aug.	Nov.	1986 Feb.	May	Nov.
	Score (scale 0-100)										
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

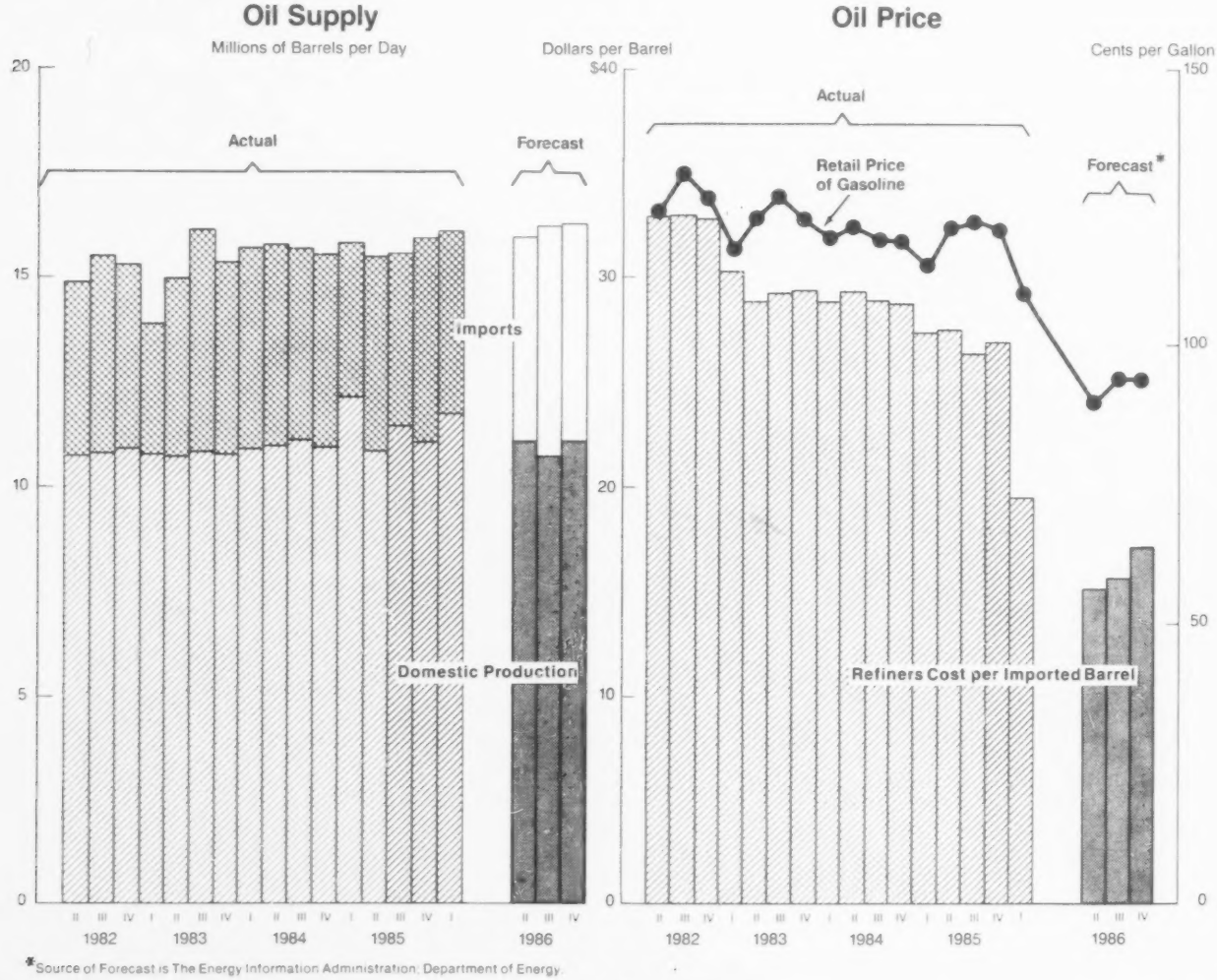
Billions of Dollars, Seasonally Adjusted

	1984	1985				1986		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IV	Ir	IIp	1985 Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.100	29.938	27.560	24.167	27.190	23.386	18.773	- 8	- 6
Capital expenditures	24.587	23.354	24.911	24.730	26.336	23.566	22.648	10	- 2
Change in appropriations backlog*	+ 2.302	+ 4.984	+ 0.529	-2.702	-2.594	-2.368	-5.845		
Durable Goods									
New appropriations	15.072	16.737	10.910	12.031	12.005	11.613	9.593	- 13	9
Capital expenditures	12.223	11.648	12.814	12.299	12.676	11.479	11.602	15	5
Change in appropriations backlog*	+ 1.797	+ 4.154	-2.515	-1.094	-3.063	-1.582	-3.434		
Nondurable Goods									
New appropriations	14.028	13.201	16.650	12.136	15.185	11.773	9.180	- 2	-20
Capital expenditures	12.364	11.706	12.097	12.431	13.600	12.087	11.046	6	- 9
Change in appropriations backlog*	+ 0.505	+ 0.830	+ 3.044	-1.608	+ 0.469	-0.786	-2.411		
ELECTRIC & GAS UTILITIES									
New appropriations	11.554	9.370r	15.139r	5.093r	8.692r	9.084	35.237	+ 3	
Capital expenditures	9.337	9.078r	9.366r	9.078r	8.417r	7.425	16.190	-2.0	
Change in appropriations backlog*	- 3.147	+ 0.363r	+ 4.662r	-4.984r	-0.261r	+ 1.773	+ 14.520		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

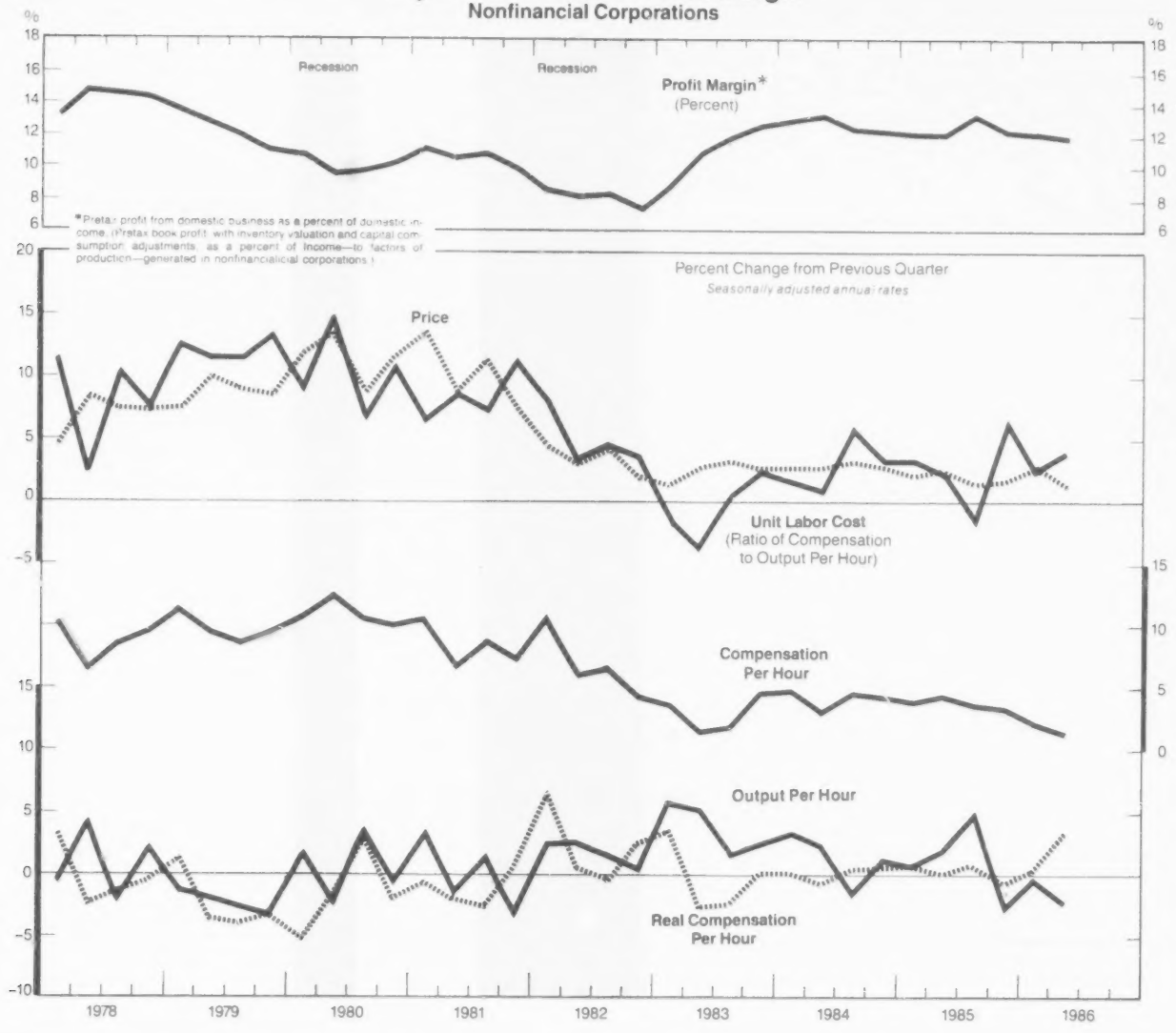
* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).

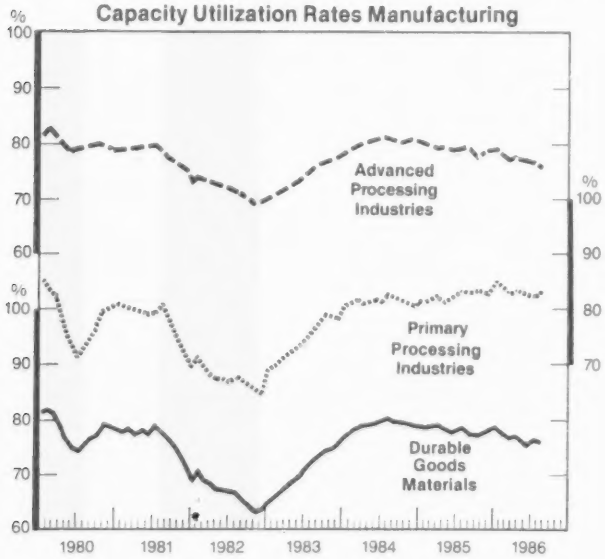


*Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin

Nonfinancial Corporations





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Sep., 1986*		*Sep., 1986*		*Sep., 1986*		*Sep., 1986*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**II**	**$4175.6**	**2.6%**	**$4175.6**	**2.6%**	**$4175.6**	**2.6%**	**$4175.6**	**2.6%**
		III	4236.5	6.0	4229.6	5.3	4228.1	5.1	4223.8	4.7
		IV	4300.2	6.2	4263.6	3.3	4281.1	5.1	4296.9	7.1
	1987	I	4370.3	6.7	4307.8	4.2	4355.8	7.2	4358.9	5.9
		II	4458.2	8.3	4368.6	5.8	4439.0	7.9	4407.1	4.5
		III	4537.2	7.3	4434.1	6.1	4519.7	7.5	4459.1	4.8
		IV	4620.2	7.5	4505.7	6.6	4598.7	7.2	4525.6	6.1
	1988	I	4710.5	8.1			4678.5	7.1	4606.7	7.4
		II	4794.1	7.3			4744.0	5.7	4697.4	8.1
		III	4857.5	5.4			4811.5	5.8		
	1986	Annual	4215.4	5.4	4204.5	5.2	4208.5	5.3	4211.4	5.3
	1987	Annual	4496.5	6.7	4404.1	4.7	4478.3	6.4	4437.7	5.4
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**II**	**$3661.4**	**.6%**	**$3661.4**	**.6%**	**$3661.4**	**.6%**	**$3661.4**	**.6%**
		III	3694.3	3.6	3678.0	1.8	3683.0	2.4	3682.4	2.3
		IV	3724.3	3.3	3688.7	1.2	3713.0	3.3	3714.2	3.5
	1987	I	3755.0	3.3	3697.8	1.0	3755.0	4.6	3732.6	2.0
		II	3804.9	5.4	3720.9	2.5	3794.0	4.2	3738.2	.6
		III	3840.1	3.8	3745.7	2.7	3827.0	3.5	3749.4	1.2
		IV	3876.2	3.8	3775.9	3.3	3858.0	3.3	3768.0	2.0
	1988	I	3907.9	3.3			3889.0	3.3	3797.8	3.2
		II	3937.1	3.0			3911.0	2.3	3831.5	3.6
		III	3945.3	.8			3931.0	2.1		
	1986	Annual	3684.0	2.8	3671.0	2.4	3678.3	2.6	3678.5	2.6
	1987	Annual	3819.1	3.7	3735.1	1.7	3808.5	3.5	3747.1	1.9
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**II**	**114.0**	**2.0%**	**114.0**	**2.0%**	**114.0**	**2.0%**	**114.0**	**2.0%**
		III	114.7	2.2	115.0	3.4	114.8	2.7	114.7	2.3
		IV	115.5	2.8	115.6	2.1	115.3	1.8	115.7	3.5
	1987	I	116.4	3.2	116.5	3.2	116.0	2.4	116.8	3.8
		II	117.2	2.7	117.4	3.2	117.0	3.5	117.9	3.9
		III	118.2	3.4	118.4	3.4	118.1	3.8	118.9	3.6
		IV	119.2	3.6	119.3	3.2	119.2	3.8	120.1	4.0
	1988	I	120.5	4.6			120.3	3.7	121.3	4.0
		II	121.8	4.1			121.3	3.4	122.6	4.4
		III	123.1	4.5			122.4	3.7		
	1986	Annual	114.4	2.6	114.5	2.7	114.4	2.6	114.5	2.7
	1987	Annual	117.7	2.9	117.9	2.9	117.6	2.8	118.4	3.4
Unemployment Rate										
Actual	**1986**	**II**		**7.2%**		**7.2%**		**7.2%**		**7.2%**
		III		6.9		6.8		6.8		6.8
		IV		6.9		7.0		6.8		6.7
	1987	I		6.8		7.1		6.7		6.7
		II		6.6		7.1		6.7		6.9
		III		6.5		7.1		6.7		7.1
		IV		6.3		7.0		6.6		7.2
	1988	I		6.2				6.6		7.2
		II		6.0				6.7		7.0
		III		6.0				6.7		
	1986	Annual		7.0		7.0		7.0		6.9
	1987	Annual		6.5		7.1		6.7		7.0

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) second quarter data.

ECONOMIC FORECASTS (continued)

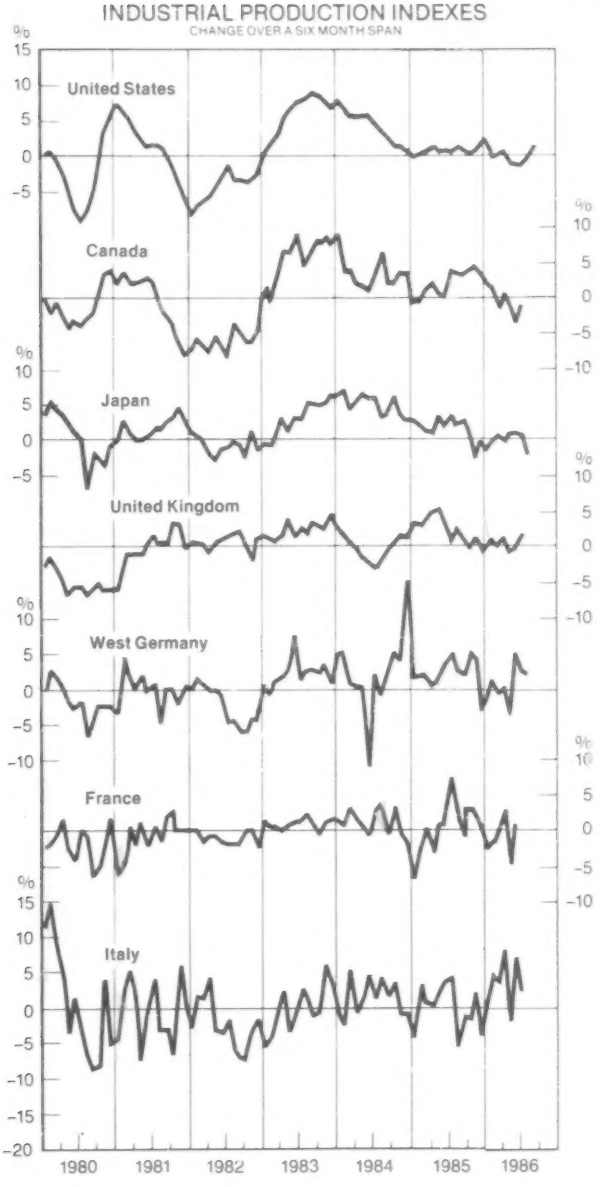
The Conference Board[1]		Chase Econometric[1] Associates, Inc.		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Sep., 1986		Sep., 1986		Sep., 1986		Sep., 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4175.6	**2.6%**	**$4175.6**	**2.6%**	**$4175.6**	**2.6%**	**$4175.6**	**2.6%**	**II**	**1986**	**Actual**
4222.0	4.5	4226.4	5.0	4231.0	5.4	4224.4	4.8	III		
4278.0	5.4	4276.9	4.9	4277.7	4.5	4289.5	6.3	IV		
4325.0	4.5	4342.8	6.3	4327.2	4.7	4366.9	7.4	I	1987	
4386.0	5.8	4405.9	5.9	4383.4	5.3	4450.2	7.9	II		
4456.0	6.5	4483.7	7.3	4450.3	6.2	4538.8	8.2	III		
4538.0	7.6	4558.2	6.8	4525.0	6.9	4622.1	7.5	IV		
		4639.0	7.3	4614.7	8.2	4699.4	6.9	I	1988	
		4715.8	6.8	4697.7	7.4	4788.0	7.8	II		
		4799.5	7.3	4766.9	6.0	4877.8	7.7	III		
4206.2	5.2	4207.0	5.2	4208.4	5.3	4209.7	5.3	Annual	1986	
4426.3	5.2	4447.7	5.7	4421.5	5.1	4494.5	6.8	Annual	1987	
								Gross National Product Billions of Constant (1982) Dollars		
$3661.4	**.6%**	**$3661.4**	**.6%**	**$3661.4**	**.6%**	**$3661.4**	**.6%**	**II**	**1986**	**Actual**
3680.9	2.1	3676.9	1.7	3685.7	2.7	3683.4	2.4	III		
3697.5	1.8	3707.0	3.3	3708.6	2.5	3713.5	3.3	IV		
3708.9	1.2	3733.0	2.8	3724.9	1.8	3749.1	3.9	I	1987	
3730.0	2.3	3756.9	2.6	3750.1	2.7	3788.6	4.3	II		
3754.0	2.6	3784.8	3.0	3780.6	3.3	3823.6	3.7	III		
3784.6	3.3	3805.5	2.2	3816.7	3.9	3852.5	3.1	IV		
		3834.3	3.1	3853.3	4.1	3874.6	2.3	I	1988	
		3853.2	2.0	3888.2	3.5	3904.9	3.2	II		
		3884.0	3.2	3905.7	1.8	3932.1	2.8	III		
3673.9	2.5	3675.3	2.5	3677.9	2.6	3678.6	2.6	Annual	1986	
3744.4	1.9	3770.1	2.6	3768.1	2.5	3803.5	3.4	Annual	1987	
								Gross National Product deflator Index, 1982 = 100		
114.0	**2.0%**	**114.0**	**2.0%**	**114.0**	**2.0%**	**114.0**	**2.0%**	**II**	**1986**	**Actual**
114.7	2.3	114.9	3.2	114.8	2.7	114.7	2.3	III		
115.7	3.5	115.4	1.5	115.3	1.9	115.5	2.9	IV		
116.6	3.2	116.3	3.4	116.2	2.9	116.5	3.4	I	1987	
117.6	3.4	117.3	3.3	116.9	2.5	117.5	3.4	II		
118.7	3.8	118.5	4.1	117.7	2.9	118.7	4.3	III		
119.9	4.1	119.8	4.5	118.6	2.9	120.0	4.4	IV		
		121.0	4.1	119.7	3.9	121.3	4.4	I	1988	
		122.4	4.7	120.8	3.8	122.6	4.5	II		
		123.6	3.9	122.0	4.1	124.1	4.8	III		
114.5	2.7	114.5	2.6	114.4	2.6	114.4	2.6	Annual	1986	
118.2	3.2	118.0	3.1	117.3	2.5	118.2	3.3	Annual	1987	
								Unemployment Rate		
	7.2%		**7.2%**		**7.2%**		**7.2%**	**II**	**1986**	**Actual**
	6.9		7.0		6.9		6.8	III		
	7.1		6.9		6.9		6.7	IV		
	7.4		6.9		6.9		6.7	I	1987	
	7.5		6.9		6.9		6.5	II		
	7.5		6.9		6.8		6.3	III		
	7.3		6.8		6.8		6.3	IV		
			6.8		6.6		6.3	I	1988	
			6.8		6.5		6.4	II		
			6.8		6.4		6.4	III		
	7.1		7.0		7.0		7.0	Annual	1986	
	7.4		6.9		6.8		6.5	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

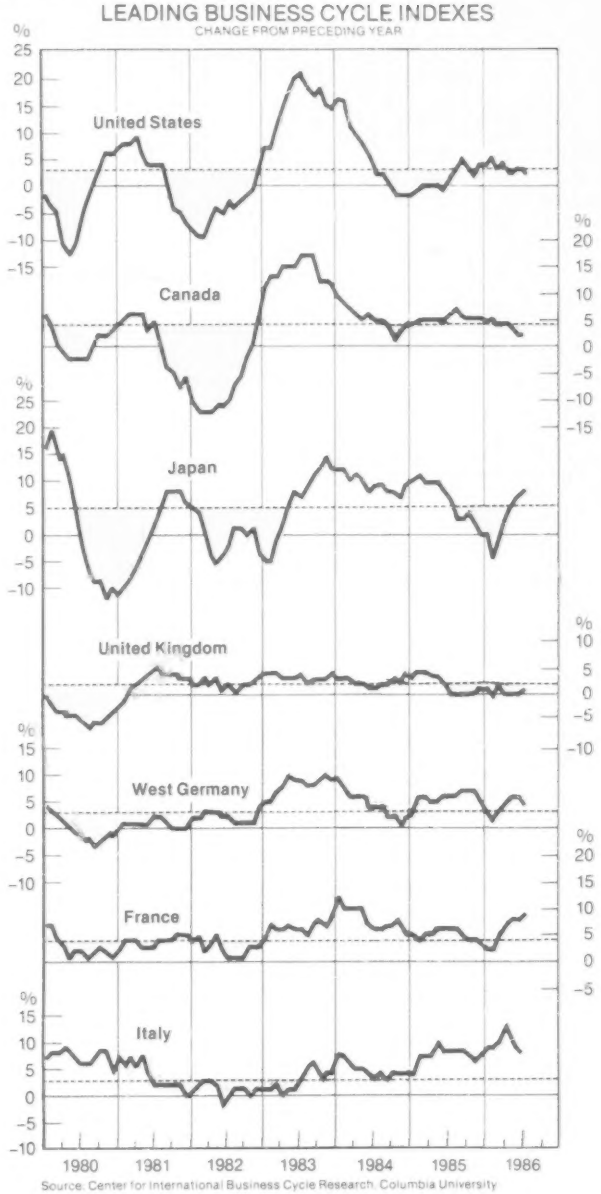
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

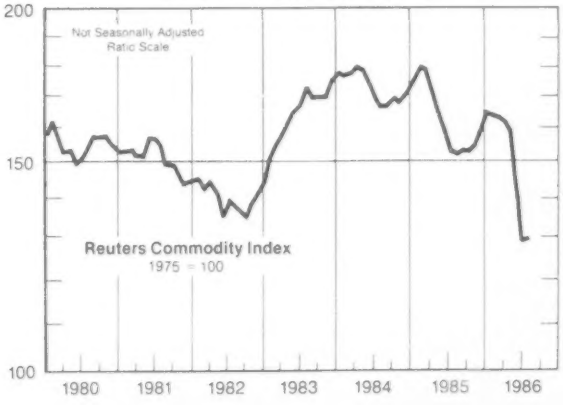
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

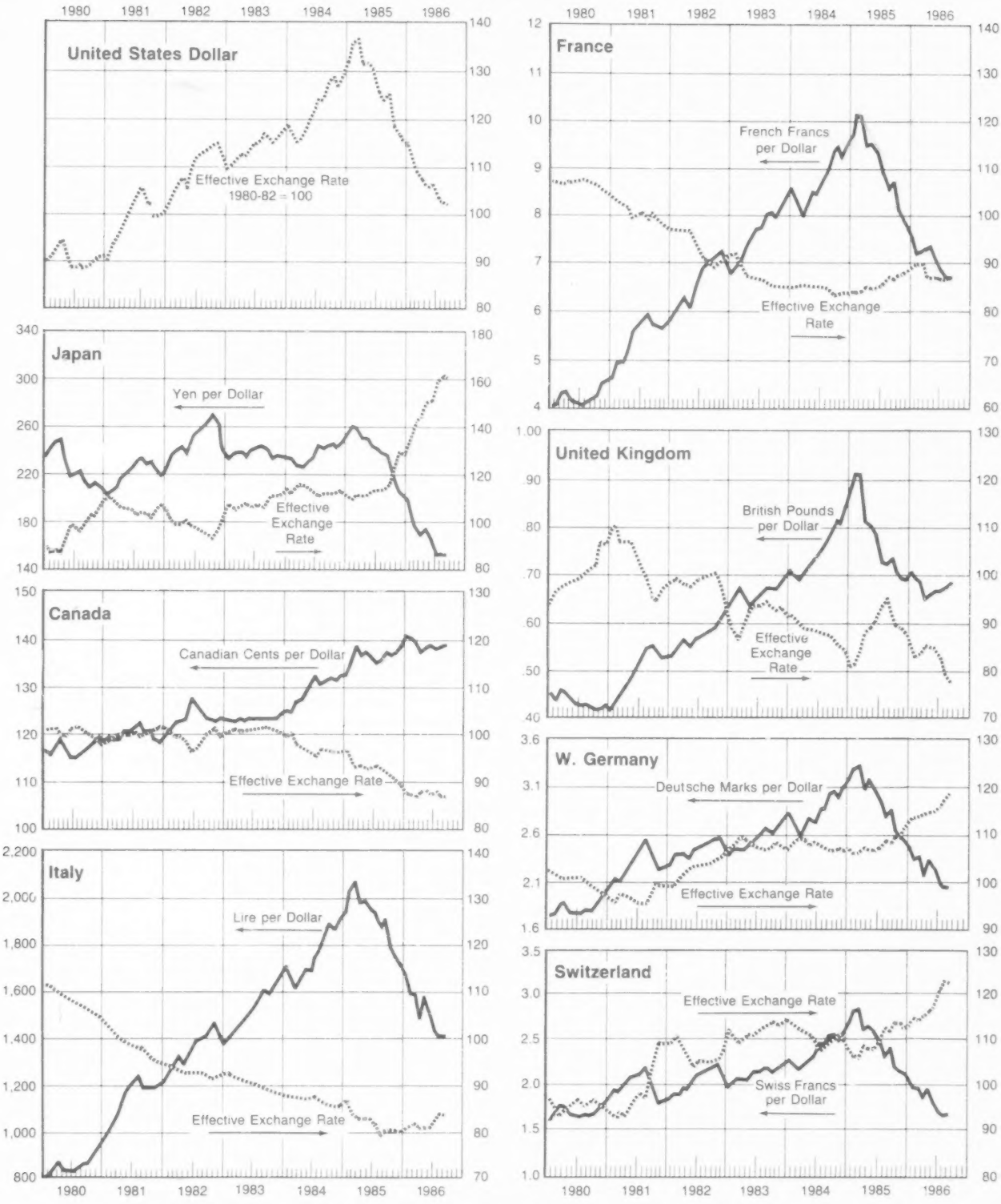
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade- using averages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

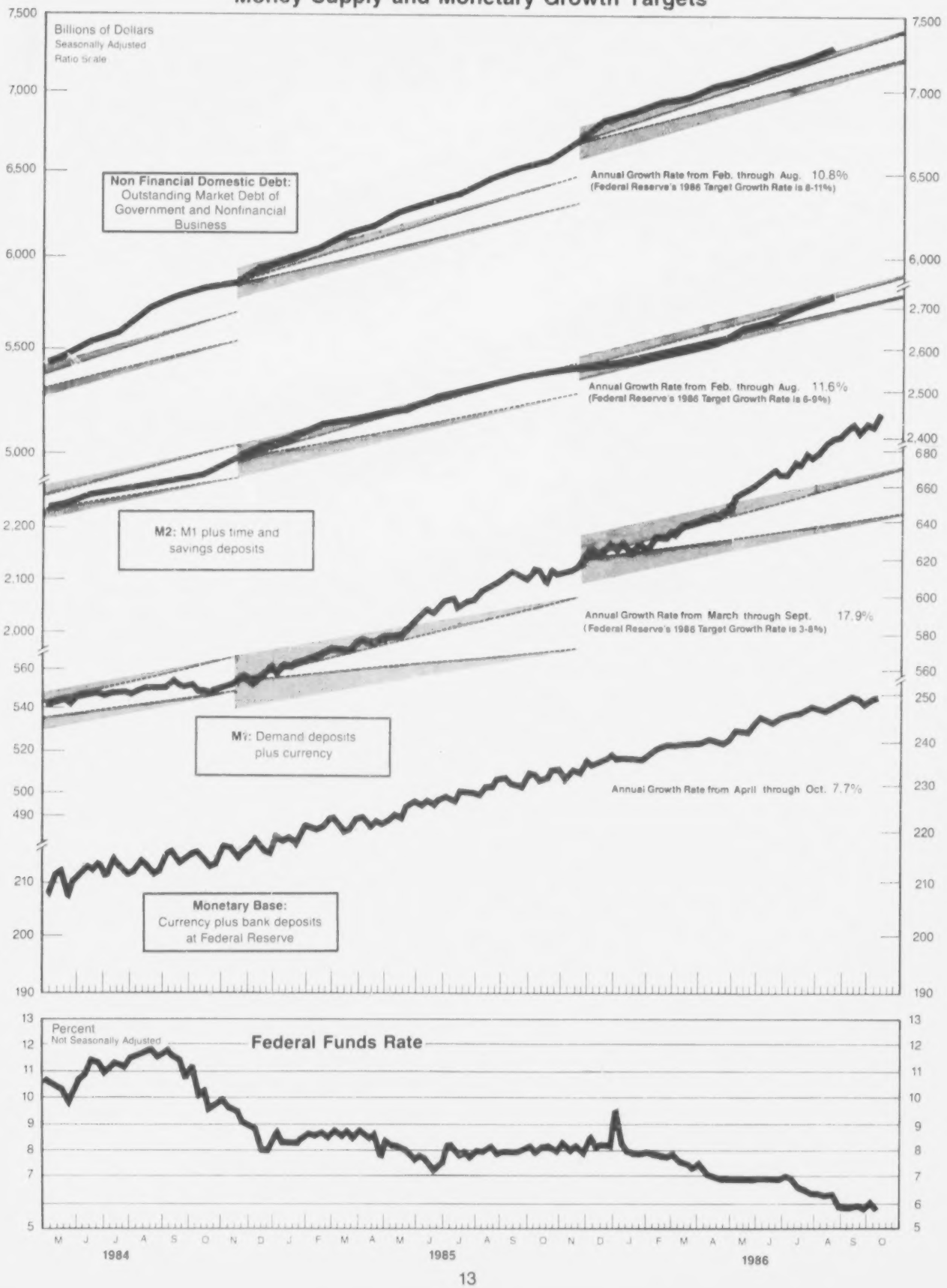
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	**$ 777.1**	**$ 778.7**	**$ 850.4**	**$ 849.9**	**$ 933.2**	**$ 928.1**
Outlays	**979.9**	**983.5**	**994.0**	**1,009.7**	**1,026.8**	**1,060.3**
Deficit	**-202.8**	**-204.7**	**-143.6**	**-159.7**	**- 93.6**	**-132.3**
Receipts by source	**$777.1**	**$778.7**	**$850.4**	**$849.9**	**$933.2**	**$928.1**
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	**$979.9**	**$983.5**	**$994.0**	**$1,009.7**	**$1,026.8**	**$1,060.3**
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,274.0**	**$4,269.0**	**$4,629.0**	**$4,583.0**	**$4,995.0**	**$4,930.0**
Constant (1982) Dollar	**3,695.0**	**3,688.0**	**3,842.0**	**3,803.0**	**3,996.0**	**3,928.0**
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Feb. through Aug. 10.8%
(Federal Reserve's 1986 Target Growth Rate is 8-11%)
Annual Growth Rate from Feb. through Aug. 11.6%
(Federal Reserve's 1986 Target Growth Rate is 6-9%)
M2: M1 plus time and savings deposits
Annual Growth Rate from March through Sept. 17.9%
(Federal Reserve's 1986 Target Growth Rate is 3-8%)
M1: Demand deposits plus currency
Annual Growth Rate from April through Oct. 7.7%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1984
1985
1986

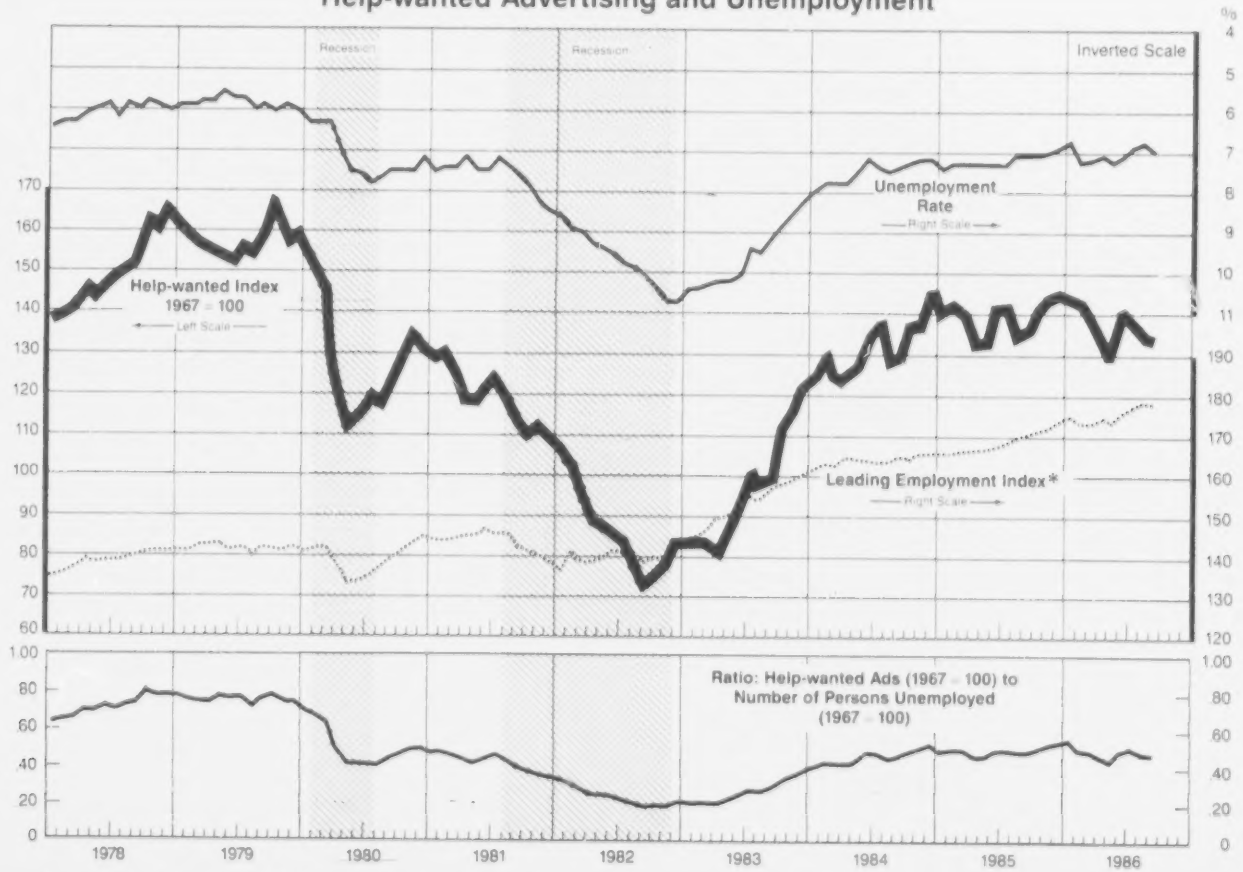
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 Aug.	1986 July	1986 June	1985 Aug.
National Index	134	140	141	134
New England	159	169	171	145
Boston	160	172	178	153
Hartford	174	178	171	154
Providence	142	153	148	112
Middle Atlantic	75	81	80	68
Albany	172	187	192	159
Allentown	260	279	249	198
New York	57	62	62	54
Philadelphia	67	74	72	59
Pittsburgh	80	86	83	67
Rochester	81	84	86	86
Syracuse	N.A.	N.A.	N.A.	119
East North Central	92	94	96	86
Chicago	100	103	101	98
Cincinnati	150	148	153	129
Cleveland	62	66	67	57
Columbus	154	157	163	128
Dayton	82	87	97	75
Detroit	60	61	65	60
Gary	119	124	140	116
Indianapolis	93	105	109	84
Milwaukee	61	65	57	53
Toledo	119	113	122	107
West North Central	85	95	94	84
Kansas City	151	172	169	123
Minneapolis	55	72	65	68
Omaha	132	116	121	124
St. Louis	64	65	70	65
South Atlantic	185	194	203	174r
Atlanta	245	274	289	262
Baltimore	225	233	249	204r
Charlotte	158	161	159	131
Jacksonville	218	228	221	213
Miami	87	87	87	74
Richmond	127	143	149	116
Washington, D.C.	180	182	192	163
East South Central	143	163	152	139
Birmingham	146	164	161	148
Knoxville	216	206	203	192
Louisville	79	92	90	84
Memphis	130	128	137	103
Nashville	189	260	206	203
West South Central	154	170	175	228
Dallas	160	186	196	301
Houston	205	219	217	284
New Orleans	100	107	109	98
Oklahoma City	96	105	117	129
San Antonio	138	159	166	209
Tulsa	N.A.	126	130	137
Mountain	270	278	292	307
Denver	173	187	172	198
Phoenix	384	383	439	438
Salt Lake City	300	304	319	332
Pacific	207	203	203	198
Los Angeles	144	140	141	144
Sacramento	394	4[illegible]	378	359
San Bernadino	238	242	228	221
San Diego	461	461	[illegible]4	422
San Francisco	211	208	[illegible]1	207
Seattle	213	198	1[illegible]	190
Percentage of papers with rising volume	18	39	96	14
Unemployment rate	6.8	6.9	7.1	7.1

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6r	92.9p			

Buying Plans Index

1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7r	103.8p			

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

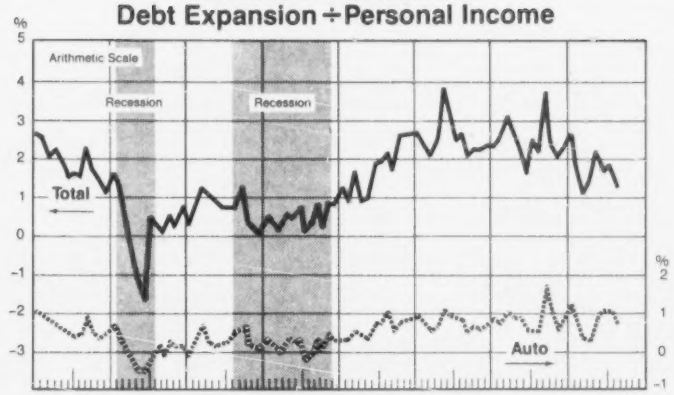
Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

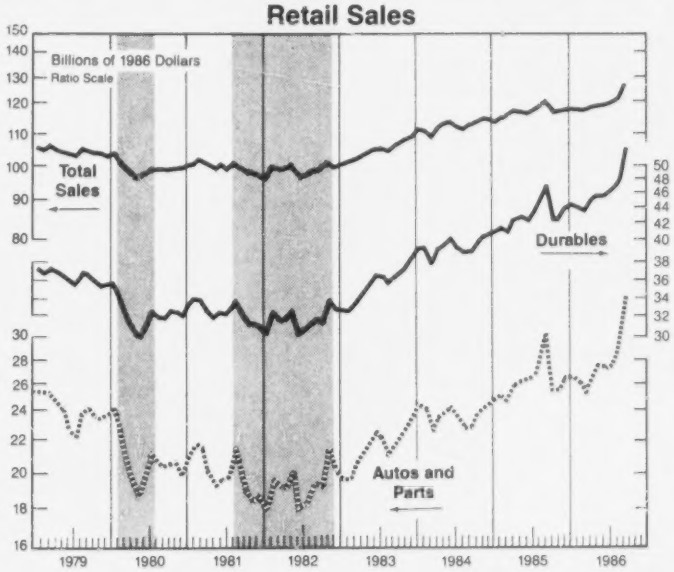
Consumer Confidence and Expectations

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



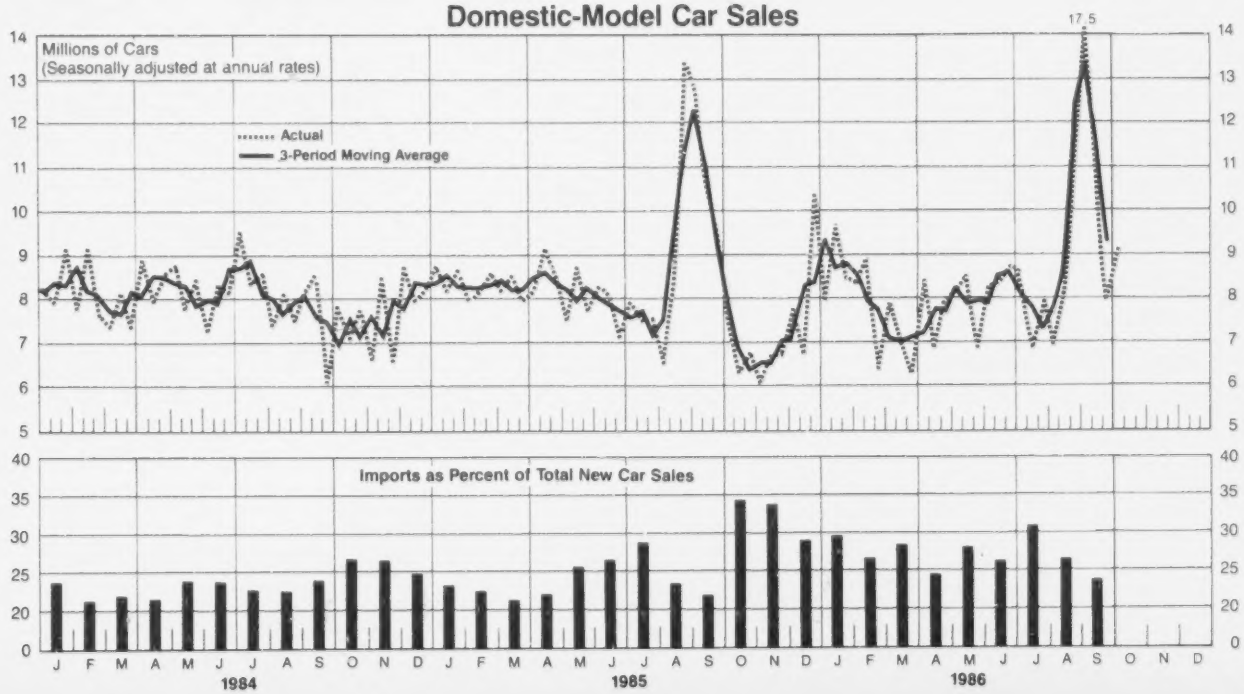
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1983	1984	1985	1986
January:	1-10	6.17	8.16	8.69	7.97
	11-20	6.20	7.84	8.15	9.63
	21-31	5.60	9.15	8.62	8.40
February:	1-10	5.86	7.79	7.97	8.32
	11-20	5.30	9.17	8.04	8.93
	21-28(29)	6.07	7.60	8.58	6.38
March:	1-10	5.61	7.35	8.14	7.81
	11-20	6.10	8.13	8.44	6.99
	21-31	6.19	7.35	7.94	6.24
April:	1-10	6.69	8.88	8.16	8.39
	11-20	6.52	7.96	9.12	6.97
	21-30	6.35	8.60	8.46	7.96
May:	1-10	6.67	8.75	7.45	8.13
	11-20	6.30	7.74	8.69	8.49
	21-31	6.97	8.43	7.70	6.86
June:	1-10	7.23	7.22	8.21	8.27
	11-20	7.34	8.25	8.02	8.38
	21-30	7.28	8.10	7.16	8.71
July:	1-10	7.25	9.51	7.89	8.59
	11-20	7.36	8.32	7.47	6.89
	21-31	7.43	8.59	7.53	7.92
August:	1-10	7.39	7.33	6.47	6.95
	11-20	6.11	8.07	8.39	8.28
	21-31	6.65	7.43	13.29	11.70
September:	1-10	6.26	8.13	12.76	17.47
	11-20	7.21	8.52	10.63	10.81
	21-30	6.55	6.03	9.49	7.90
October:	1-10	7.52	7.83	7.44	9.12
	11-20	7.56	7.07	6.27	
	21-31	7.45	7.70	6.75	
November:	1-10	6.96	6.60	6.04	
	11-20	6.55	8.44	6.66	
	21-30	7.62	6.57	6.70	
December:	1-10	7.30	8.75	7.72	
	11-20	8.09	7.96	6.74	
	21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3-Period Moving Average
17.5
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1984
1985
1986